PRESS RELEASE
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LUKOIL RELEASES FINANCIAL RESULTS UNDER IFRS FOR 2021

PJSC LUKOIL today released its audited consolidated financial statements for 2021 prepared in accordance with the International Financial Reporting Standards (IFRS).

Financial highlights

4Q 2021	3Q 2021		12M 2021	12M 2020
		(RUB bln)		
2,768.0	2,588,7	Sales	9,435.1	5,639.4
395.0	**355.2**	**EBITDA**	**1,404.4**	**687.1**
233.8	192.5	Profit for the period attributable to LUKOIL shareholders	773.4	15.2
127.3	94.3	Capital expenditures	433.0	495.4
190.1	**227.7**	**Free cash flow**	**693.6**	**281.1**
244.2	233.5	Free cash flow before changes in working capital	877.5	189.4

COVID-19

Since the start of COVID-19 pandemic, LUKOIL has been undertaking necessary measures to rule out the direct impact of the pandemic on the Group's operating activity, prioritizing proper protection of its employees, contractors personnel and clients, as well as continuity of production processes.

The main impact on financial performance of the Group is related to the volatility of oil and petroleum products prices and lower production volumes in 2020.

Sales

In the fourth quarter of 2021, our sales amounted to RUB 2,768.0 bln, up 6.9% quarter-on-quarter. The growth was mainly attributable to higher crude oil and refined products prices, and hydrocarbon production and refined products trading

volumes.

In 2021, our sales amounted to RUB 9,435.1 bln, up 67.3% year-on-year mainly due to higher hydrocarbon prices, ruble devaluation, higher hydrocarbon production volumes, as well as higher refinery throughput and oil and refined products trading volumes.

EBITDA

4Q 2021	3Q 2021		12M 2021	12M 2020
		(RUB bln)		
395.0	**355.2**	**EBITDA**	**1,404.4**	**687.1**
296.5	**245.0**	**Exploration and production**	**986.3**	**500.1**
234.6	206.9	Russia	821.9	421.6
61.9	38.1	Outside Russia	164.4	78.5
114.4	**125.8**	**Refining, marketing and distribution**	**487.3**	**243.3**
111.2	107.9	Russia	370.7	180.7
3.2	17.9	Outside Russia	116.6	62.6

In the fourth quarter of 2021, EBITDA increased by 11.2% quarter-on-quarter to RUB 395.0 bln.

Besides higher oil prices, EBITDA of the Exploration and production segment in Russia was positively affected by higher oil production volumes due to the changes in external limitations under the OPEC+ agreement, as well as higher positive time lag effect of export duty and MET. Outside Russia, EBITDA dynamics was mainly attributable to higher hydrocarbon prices and higher gas production, as well as higher EBITDA of the West Qurna-2 project.

Higher EBITDA of the Refining, Marketing and Distribution segment in Russia was driven by better results of oil refining and power generation segments. Outside Russia EBITDA was lower due to scheduled maintenance works at the refinery in Bulgaria, higher fuel and energy cost, as well as lower trading margins and seasonally lower retail segment results. The negative impact of these factors was partially offset by the accounting specifics of hedging operations in international trading and higher positive inventory effect at the refineries.

EBITDA in 2021 more than doubled year-on-year mainly as a result of higher hydrocarbon prices, ruble devaluation, positive inventory effect at the refineries, higher throughput volumes and refining margins, positive time lag effect of export duty and MET, as well as higher oil production volumes in Russia and gas production volumes outside Russia. EBITDA growth was constrained by elimination of tax incentives for high-viscous crude oil and weaker results of retail business in Russia.

Profit for the period

In the fourth quarter of 2021, profit attributable to PJSC LUKOIL shareholders amounted to RUB 233.8 bln, which is 21.5% higher quarter-on-quarter. As a result, in 2021 profit was up to RUB 773.4 bln as compared to profit of RUB 15.2 bln in 2020. Besides higher EBITDA, profit dynamics is attributable to non-cash asset impairment loss and foreign exchange loss in 2020.

Free cash flow

In the fourth quarter of 2021, free cash flow amounted to RUB 190.1 bln, which is 16.5% lower quarter-on-quarter. The decline was mainly attributable to working capital build-up and higher capital expenditures in the fourth quarter of 2021.

In 2021, free cash flow increased to RUB 693.6 bln as compared to RUB 281.1 bln in 2020. The growth is attributable to higher operating margins and lower capital expenditures, while the growth was constrained by working capital build-up.

Operating highlights

4Q 2021	3Q 2021		12M 2021	12M 2020
2,335	**2,152**	**Hydrocarbon production, Kpd**	**2,197**	**2,117**
2,299	**2,132**	**excluding West Qurna-2**	**2,163**	**2,064**
1,782	1,662	Liquid hydrocarbon production, Kbpd	1,678	1,651
1,746	1,642	excluding West Qurna-2	1,644	1,598
8.7	7.7	Gas production, bln cubic meters	32.2	29.0
14.8	**16.5**	**Production of refined products at own refineries, mln tonnes**	**60.0**	**55.0**

In 2021, LUKOIL Group's average hydrocarbon production excluding the West Qurna-2 project was 2,163 thousand boe per day, which is 4.8% higher year-on-year, while in the fourth quarter of 2021 hydrocarbon production increased by 7.8% quarter-on-quarter. The production growth was attributable to the dynamics of the external limitations on oil production due to the OPEC+ agreement, as well as higher gas production volumes.

Liquid hydrocarbons

In 2021, liquid hydrocarbon production excluding the West Qurna-2 project was 1,644 thousand barrels per day, which is 2.9% higher year-on-year. In the fourth quarter of 2021, liquid hydrocarbons production was 1,746 thousand barrels per day, up by 6.3% quarter-on-quarter. Liquid hydrocarbons production dynamics was driven by the OPEC+ agreement concluded in April 2020, which led to limitations on oil production by the Group in Russia and at certain international projects.

Despite the external limitations on crude oil production volumes, development of the priority projects continued. In particular, in West Siberia total oil and gas condensate production for the nine months of 2021 at the V. Vinogradov, Imilorskoye, Sredne-Nazymskoye and Pyakyakhinskoye fields increased by 8.1% year-on-year, to 4.5 mln tonnes.

Gas

In 2021, gas production increased in average daily terms by 11.4% year-on-year, to 32.2 bln cubic meters. The growth was driven by recovery of gas production in Uzbekistan after temporary decline in 2020 due to lower demand from China for gas produced in Uzbekistan amid the COVID-19 pandemic.

In the fourth quarter of 2021, gas production increased in average daily terms by 12.9% quarter-on-quarter and amounted to 8.7 bln cubic meters. The increase was mainly attributable to higher production in Uzbekistan.

Refined products

In 2021, production of refined products at LUKOIL Group's refineries was 60.0 mln tonnes, which is 9.2% higher year-on-year. The increase was attributable to higher refineries utilization rates due to better market environment in 2021, as well as scheduled maintenance works in 2020. In the fourth quarter of 2021, production of refined products was 14.8 mln tonnes, which is 10.0% lower quarter-on-quarter due to scheduled maintenance works at the refineries outside Russia, as well as seasonal throughput optimization in Russia.

Information:
The full set of audited consolidated IFRS financial statements of PJSC "LUKOIL" for the year ended 31 December 2021 and the related notes as well as Management's Discussion and Analysis of Financial Condition and Results of Operations are available on the Company's websites: www.lukoil.com and www.lukoil.ru.
PJSC LUKOIL is one of the largest publicly traded, vertically integrated oil and gas companies in the world in terms of proved hydrocarbon reserves and production; and the second largest producer of crude oil in Russia. Established in 1991, the Company currently operates in more than 30 countries with core upstream assets located in Russia. The full production cycle includes oil and gas exploration, production and refining; production of petrochemicals and lubricants; power generation; marketing and distribution providing LUKOIL with maximum synergies from its activities. The Company's shares are listed in Russia on Moscow Exchange under the ticker "LKOH" and depositary receipts are listed on the London Stock Exchange under the ticker "LKOD".